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FISCAL IMPACT STATEMENT

LS 6940

BILL NUMBER: SB 309

NOTE PREPARED: Jan 16, 2008

BILL AMENDED:

SUBJECT: Restructuring County and Township Government.

FIRST AUTHOR: Sen. Young R Michael

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: ___**GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: *Abolishing Townships Served by a Township Trustee-Assessor:* The bill abolishes, effective July 1, 2008, township governmental functions in each township served by a township trustee-assessor and makes the following changes with respect to those townships and the counties in which they are located:

- (1) It transfers the duties and responsibilities of the township trustee-assessor to the county assessor.
- (2) It abolishes the offices of township trustee and township board and transfers the duties and responsibilities of the township trustee and township board (including duties and responsibilities related to township assistance, fire protection, cemetery maintenance, parks and recreations, and libraries) to the county.
- (3) It establishes a county firefighting fund.
- (4) It establishes a county cumulative building and equipment fund for firefighting.
- (5) It transfers township fund balances to the county and specifies the permitted use of the money.
- (6) It makes township indebtedness an obligation of the county transferred from the township to pay the indebtedness.

(7) It allows the obligation of the county, and requires the county to use county money to levy property taxes to pay indebtedness not covered by money transferred from the township, and specifies the areas in which the taxes may be levied.

(8) It increases the county's maximum property tax levy based on the assumption of former township duties, and establishes a separate county maximum property tax levy for firefighting.

County Assessor: The bill makes the county assessor responsible for contracting for property assessment services and for choosing computer systems.

Reconstitution of a Dissolved Township: The bill provides for the reconstitution of a township government that has been dissolved if the township attains a population of at least 35,000 and 1,000 registered voters in the township petition for a public question on the reconstitution of the township government.

County Executive: The bill allows a county to change its county executive from three members to a single county executive elected by all the voters of the county. It also requires each county, except a county containing a consolidated city, to place a public question on the 2008 general election ballot asking the voters of the county whether to convert the county executive from three members to one member.

Townships in Marion County: The bill provides that the township board of each township in Marion County consists of five members instead of seven members.

Repeals: The bill also repeals obsolete provisions.

Effective Date: July 1, 2008.

Explanation of State Expenditures: *State Agencies:* Legislative Services Agency will prepare legislation to organize and correct statutes affected by this act, if necessary. The Department of Local Government Finance (DLGF) oversees tax rates and levies by local units of government and the transfer of funds and records between townships and counties. Both of these functions are within the current scope of agency work.

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary* - The bill has indeterminate fiscal impact on counties with townships served by a township trustee-assessor. The bill does not delete or diminish any responsibilities or administrative functions currently assigned in statute to township assessors or trustees, but rather transfers them to the county level of government if the township is served by a trustee-assessor. If the county can perform or contract for the performance of these duties more efficiently than the township governments, cost savings will result. If a county were to elect to reduce the county executive from a three-person committee to a single, elected individual, cost-savings for executive compensation could result, but the cost-savings would be based on the decisions of the county fiscal body. Likewise, the reduction of the number of township board members in Marion County may reduce costs for the townships based on the decisions of the township fiscal bodies which set the township board member compensation.

Background Information and Additional Details-

Abolishing Townships Served by a Township Trustee-Assessor: After July 1, 2008, in a township served by a township trustee-assessor, the offices of township assessor, township trustee, and township board member are abolished. All functions, duties, and responsibilities of the township trustee are transferred to the county and those of the township assessor are transferred to the county assessor. On July 1, 2008, the assets of the township, including equipment, records, personnel, and contracts transfer to the county.

Funds Transfers: The bill provides that township debt service funds are to transfer to the county to pay any indebtedness or lease rental obligation for which the fund was established. Any remaining balance in the fund transfers to the county general fund. Township cumulative building and equipment funds, general funds, and firefighting funds transfer to like-named county funds. Township assistance funds transfer to the county township assistance fund. Counties are to pay expenses for township cemeteries from the cemetery fund for townships.

Official Actions and Pending Actions: Elimination of township government does not affect any assessment, assessment appeal, or other official action of a township assessor made prior to July 1, 2008. Also, the act does not affect pending actions or rights of parties with a legal claim against a township assessor.

Township Assistance: The county administrator will establish the amount needed to meet the cost of township assistance in the county, and the county legislative body will adopt the county budget with a uniform tax rate throughout the county to meet the estimated costs. The county administrator for township assistance will have the same responsibilities and limited liability as the township administrator in a county with a consolidated city. The county administrator for township assistance also has all the rights, duties, and responsibilities as a township trustee for emergency medical services. Drugs and vaccines provided to indigents are to be paid through the county's township assistance fund.

Detrimental Plants; Parks and Recreation; and Library, Library District, or Library Services Contracts: Duties concerning detrimental plants are to be conferred and imposed on the county for property in the county. The county legislative body will act to borrow money to meet emergency needs. Any fines collected for a Class C infraction concerning detrimental plants are to be placed in the appropriate county fund. The weed control board will include the county official responsible for the destruction of detrimental plants rather than township trustees. Township powers and duties concerning parks and recreation are also to be transferred to the county. All township library, library district, or library service contracts are terminated on January 1, 2011, and the responsibilities and obligations are to be assumed by the county.

Firefighting and Emergency Services: The county is to be responsible for providing fire protection in any assumed townships. A county may hire its own firefighters, contract or cooperate with a municipal fire department, or contract with a volunteer fire department. Also, without contract, a county with its own fire department may provide fire protection, emergency services, or both within a municipality that does not have a full-time fire department if the legislative body of the municipality adopts an ordinance and the legislative body of the county adopts a resolution to provide services without contract. Fire protection districts and fire protection territories remain unchanged and counties may contract with these units for fire services.

The county executive is to specify which township firefighters and emergency service employees will become county firefighters, and the county may establish a merit system for the county's fire department.

The county appointing authority is to be considered the safety board of the county.

The county may levy a real and personal property tax for the township firefighting fund in a township that is not served by a township trustee and that is outside of a municipality (if there is no agreement to provide services) and outside of any fire protection districts or territories. Costs attributable to providing fire protection or emergency services are to be paid from the county firefighting fund. The county executive, with the approval of the county legislative body, may purchase firefighting apparatus and equipment over a period not exceeding 6 years or 15 years with state or federal funding.

Firefighter Pension: The local boards for the 1937 Firefighters' Pension Fund and the 1977 Police Officers' and Firefighters' Pension and Disability Fund are dissolved effective July 1, 2008. The powers and duties of the boards are to be assumed by a county's local board for each fund. The county's legislative body may adjust the board membership to reflect the dissolution of the township boards. Active members of the 1937 Fund and the 1977 Fund continue to be members of their respective plans. Members of the 1977 Fund will receive credit for all years of service in a township fire department.

County Assessor: Except in a county with a consolidated city, the county assessor will function as the township assessor, as defined in statute, and will assume responsibilities concerning listing personal and real property, examination of personal property, and all assigned assessing official duties. The county assessor may employ a professional appraiser to act as a technical advisor during the general reassessment period, and the county assessor will serve as a nonvoting member of the property tax assessment board of appeals. Annual meetings called by the county assessor for all township assessors in the county will be limited to counties with a consolidated city.

[Currently, townships with a population of more than 8,000 elect a township assessor. Townships with a population between 5,000 and 8,000 may elect a township assessor if the legislative body of the township adopts a resolution indicating that a township assessor is necessary and the resolution is filed with the county election board. A township trustee in a township with less than 5,000 population serves as the township assessor. In 2000, there were 1,008 township assessors in Indiana, 827 of whom are trustee-assessors.]

[Under current law, DLGF provides training and certifies assessor/appraisers. Township assessors, including trustee-assessors, who have not received Certified Level II Appraiser-Assessor status by December 31, 2007, will have assessing responsibilities transfer to the county assessor. About 671 (81%) of the trustee-assessors will not have attained any certification or have reached Level I Appraiser-Assessor certification.]

County Executive: The bill does not delete any current county executive or legislative responsibility. It reassigns duties from a three-member board of county commissioners to a single elected chief executive, which could reduce compensation costs. However, officer compensation is determined by the county fiscal body, and any cost savings will result from the decisions of the fiscal body. Results will vary by county. Officers are compensated from the county general fund.

Townships in Marion County: The compensation for members of township boards in Marion County is set by the township fiscal body.

Explanation of Local Revenues: *Maximum Property Tax Levies and Other Tax Distributions:* The maximum general levy for ad valorem property taxes first due and payable in 2009 is the sum of the maximum general levy of the county and the combined maximum general levies of all the transferring townships. Distributive shares of taxes other than property taxes, such as local option income tax, financial

institutions tax, and motor vehicle excise tax, will transfer to the county. The county is to levy a cemetery tax to fund maintenance of cemeteries.

The county levies ad valorem property tax to pay for pension benefits for members of the 1937 Firefighters' Pension Fund within the county's maximum permissible levy limit.

The county is to assume township indebtedness or lease rental obligations for fire services and may levy property taxes in any area of the county where the county provides firefighting and emergency services. The county may not assume indebtedness that will exceed the limitations on the amount of indebtedness the county may incur.

For ad valorem property taxes first due and payable in 2009, the maximum firefighting levy is the combined levies for all of the transferring townships, but not areas that are part of a fire protection district or territory. The county executive may adopt an ordinance to impose fees for ambulance services provided by a county fire department. The county legislative body may determine the amount of a fee for false alarms, and fees collected are to be placed in the county firefighting fund.

State Agencies Affected: DLGF; Legislative Services Agency.

Local Agencies Affected: Townships served by a trustee-assessor, counties assuming township duties, township and county assessors, certain county executives.

Information Sources: International Association of Assessing Officials; National Conference of State Legislatures; Department of Local Government Finance.

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